

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance
Consent

AGENDA ITEM: 5 – P
DATE: December 9, 2020

SUBJECT

SDSU Football Stadium FY20 Financials

CONTROLLING STATUTE, RULE, OR POLICY

None

BACKGROUND/DISCUSSION

At the December 2013 Board of Regents meeting, the BOR approved the SDSU football stadium project and the authorizing legislation was approved in 2014. A provision within the approval was that SDSU had to provide the Board with annual updates of actual stadium performance compared to the pro forma submitted. In June 2019 the Board of Regents approved updates to the football stadium financial reporting requirements, which included the continuation of the SDSU stadium financial report being submitted annually to the full Board as an informational item.

The stadium’s fiscal year 2020 actual financial performance, as well as projections for future years are included in Attachment I.

As of June 30th 2020, the stadium fund had a cash balance of \$26k, the stadium M&R fund had a cash balance of \$716k, and the Stadium Debt Service Reserve had a cash balance of \$2.4M.

In terms of changes in revenues, total revenues decreased by \$125k or 3.8% compared to budget. These decreases were primarily the result of lower ticket revenues from “Demand Game” ticket sales of \$113k and decreases in “Other” ticket sales revenue of \$97k. However, some of these deficits were offset by increases in Premium Seating lease revenues of \$61k and additional interest revenue of \$41k.

In FY20, Operating expenses increased by \$37k compared to budget. These increases were the result of increases in Gameday costs. In addition, in accordance with the updated financial projections \$448k was transferred into the Stadium M&R fund.

(Continued)

INFORMATIONAL ITEM

IMPACT AND RECOMMENDATIONS

The actual FY20 SDSU stadium financials show less revenue and higher expenditures compared to the FY20 budget, however the debt service coverage ratio is above 1.00. SDSU is projecting a higher debt service coverage ratio moving forward.

ATTACHMENTS

Attachment I – SDSU Football Stadium Financial Information

SDSU Football Stadium Historical and Projected Financial Update(in \$000's)

Ref		Actuals					Projected					
		FY17	FY18	FY19	FY20	FY20	FY21	FY22	FY23	FY24	FY25	FY26
	OPERATING REVENUES											
1	Ticket Sales - SDSU Football	\$447	\$489	\$322	\$474	\$541	\$541	\$541	\$581	\$581	\$581	\$621
2	Ticket Sales - SDSU Football (Sixth Game)	\$141	\$107	\$140	\$115	\$116	\$116	\$116	\$124	\$124	\$124	\$133
3	Ticket Sales SDSU Football- Demand Games	\$712	\$832	\$571	\$761	\$874	\$810	\$917	\$850	\$963	\$893	\$1,011
4	Facility Fee (\$2/ticket sold)	\$83	\$105	\$65	\$75	\$105	\$105	\$105	\$105	\$105	\$105	\$105
5	Premium Seating Leases	\$2,169	\$1,883	\$2,043	\$1,986	\$1,925	\$1,964	\$2,003	\$2,043	\$2,084	\$2,125	\$2,168
6	Premium Seating Stadium Gifts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Advertising & Sponsorship	\$0	\$268	\$515	\$283	\$283	\$292	\$300	\$310	\$319	\$328	\$338
7a	Interest Revenue	\$201	\$31	\$20	\$54	\$13	\$13	\$0	\$0	\$0	\$0	\$0
8	Ticket Sales - Other Events	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Gross Concessions	\$217	\$98	\$65	\$108	\$108	\$113	\$119	\$125	\$131	\$138	\$145
10	Net Catering	\$44	\$45	\$45	\$38	\$50	\$52	\$55	\$57	\$60	\$63	\$66
11	Net Novelties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Gross Game Day Parking	\$29	\$30	\$29	\$31	\$32	\$33	\$34	\$35	\$36	\$37	\$38
13	Other Revenue	\$47	\$40	\$56	\$53	\$58	\$61	\$64	\$67	\$70	\$74	\$77
14	Total Revenue	\$4,090	\$3,928	\$3,871	\$3,978	\$4,104	\$4,098	\$4,253	\$4,297	\$4,474	\$4,468	\$4,703
15												
16												
17	Existing Football Ticket Sales	(\$649)	(\$662)	(\$675)	(\$689)	(\$689)	(\$702)	(\$717)	(\$731)	(\$745)	(\$760)	(\$776)
18	Existing Football Concessions	(\$40)	(\$41)	(\$42)	(\$42)	(\$42)	(\$43)	(\$44)	(\$45)	(\$46)	(\$47)	(\$48)
19	Existing Football Event Parking	(\$38)	(\$39)	(\$40)	(\$40)	(\$40)	(\$41)	(\$42)	(\$43)	(\$44)	(\$45)	(\$45)
19a	Additional Transfer to Athletic Operations	(\$280)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	TOTAL REVENUES	\$3,083	\$3,186	\$3,114	\$3,207	\$3,332	\$3,311	\$3,451	\$3,478	\$3,638	\$3,617	\$3,834
21												
22	OPERATING EXPENDITURES											
23	Salary - Permanent Staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Benefits - Permanent Staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	General & Administrative	\$29	\$110	\$106	\$109	\$112	\$113	\$114	\$116	\$117	\$118	\$119
26	Utilities	\$48	\$58	\$72	\$64	\$62	\$63	\$65	\$67	\$69	\$71	\$73
27	Annual Facility Operating Costs	\$19	\$20	\$36	\$25	\$21	\$22	\$23	\$23	\$24	\$25	\$25
28	Event Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30	Miscellaneous	\$23	\$28	\$32	\$11	\$29	\$29	\$29	\$29	\$30	\$30	\$30
31	Gameday Expenses	\$57	\$64	\$78	\$118	\$68	\$70	\$72	\$74	\$76	\$79	\$81
32	Insurance/Service Fee (3% Bldg Authority)	\$78	\$78	\$78	\$78	\$77	\$77	\$77	\$77	\$77	\$77	\$77
33	Total Operating Expenses	\$254	\$358	\$402	\$405	\$368	\$374	\$380	\$387	\$393	\$400	\$406
34												
35												
36												
37	Facility Related Expenses and Transfers											
38	Annual Debt Service	\$2,514	\$2,510	\$2,510	\$2,510	\$2,511	\$2,513	\$2,514	\$2,511	\$2,512	\$2,514	\$2,514
39	Stadium Capital Expenditures	\$142	\$244	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
41	M&R Contribution	\$0	\$0	\$287	\$448	\$448	\$609	\$777	\$793	\$809	\$825	\$858
42	M&R Additional Contribution	\$0	\$0	\$0	\$0	\$200	\$200	\$210	\$0	\$0	\$0	\$0
43	Additional Debt Service Reserve	\$0	\$0	\$0	\$54	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44	Total Facility Related Expenses	\$2,656	\$2,754	\$2,797	\$3,012	\$3,159	\$3,322	\$3,501	\$3,304	\$3,321	\$3,339	\$3,372
40	Transfer from Debt Service Reserve	\$0	\$0	(\$267)	\$0	(\$200)	(\$385)	(\$440)	(\$230)	(\$80)	(\$130)	\$0
45	TOTAL EXPENDITURES	\$2,910	\$3,112	\$2,932	\$3,417	\$3,327	\$3,311	\$3,441	\$3,461	\$3,634	\$3,609	\$3,778
46	Total Revenue / Expenditures net	\$173	\$74	\$182	(\$210)	\$5	\$0	\$9	\$17	\$4	\$8	\$56
47	Ending Cash Balance	\$173	\$247	\$382	\$73	\$387	\$387	\$396	\$414	\$418	\$426	\$482
48	Debt Service Coverage Ratio	1.13	1.13	1.08	1.12	1.18	1.17	1.22	1.23	1.29	1.28	1.36

Original Notes (and assumptions)

- Ref
- \$25 ticket with no volume increase from FY18, but price increases of \$2 after years 3,6, and 9 (similar assumptions to original pro forma)
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 - 5% total growth (for either price or volume) from FY17 & FY18 actuals depending on opponent for 2nd demand game (USD or NDSU)
 - Flat with FY18
 - 2% annual growth
 - Stadium gifts were not needed as annual debt service was lower than expected due to favorable interest rates
 - 2-3% annual increase (similar assumption to original pro forma)
 - FY17 & FY18 were interest from bond proceeds during construction, FY19 forward is interest from Debt Service Reserve Balance
 - This revenue has been rolled into other revenue
 - 5% annual growth on actuals (similar to original pro forma), spike in FY17 was due to concert
 - 5% annual growth on actuals (similar to original pro forma)
 - This revenue has been rolled into other revenue
 - 3% annual growth on FY18 actuals
 - Rentals (club room,...), as well as any other revenue. In FY18 Student Affairs will begin renting kitchen space permanently.
 - As the debt service reserve is reduced, some dollars will be transferred to fund M&R requirement
 - Matches original pro forma commitment to football operations
 - No additional staff dedicated to the stadium
 - Includes custodial and other general expenses, inflated at 1% annually
 - 3% annual inflation from FY18 actuals
 - 1% annual inflation from FY18 actuals
 - 3% annual inflation from FY18 actuals
 - SDBA 3% of Debt Service
 - One-time stadium technology upgrade in FY17 and West Tower improvement in FY 18 funded with M&R Reserve Dollars Effective FY 2019, no M&R Reserve dollars will be used for Stadium capital improvement projects.
 - M&R plan to increase annual M&R to \$858k at FY26
 - Additional M&R transfer
 - Line 20 minus Line 41
 - (Line 20 minus line 33) divided by Line 38
 - Ending cash will be \$47k less than beginning cash plus net revenue because of payables, receivables, and adjustments in unearned revenue.